IN THE

Supreme Court of the United States

OCTOBER TERM 1938

No. 372

STALEY ELEVATOR CO., INC.,

Petitioner,

and

570 BUILDING CORPORATION, SAMUEL COHEN and JACOB C. COHEN,

Petitioners,

vs.

OTIS ELEVATOR COMPANY,

Respondent.

PETITION FOR REHEARING OF PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

WILLIAM H. DAVIS,
WILLIS H. TAYLOR, JR.,
Counsel for Petitioners.

ACKERMAN PRESS, Inc., 142 Liberty St., 'Phones Rector 2-5856-7

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PETITION FOR REHEARING

To the Honorable, The Chief Justice and The Associate Justices of The Supreme Court of The United States:

Respondent brought suit against petitioners, alleging infringement of two patents relating to "collective" automatic push-button elevators. The District Court held both patents valid and infringed, and the Court of Appeals for the Second Circuit affirmed the decree of the District Court.

On October 24th last, this Court denied our petition for a writ of certiorari herein.

There is no conflict of decisions, as between different Circuits, on the question of validity of these patents. How-

ever, due to the peculiar situation of the elevator industry, particularly in view of the fact that respondent, Otis Elevator Company, and Westinghouse Electric & Mfg. Company, its largest competitor, have pooled their competitive patents, including the patents here involved, by a "royalty-free" agreement (IV, 1807-10), there is only the most remote possibility that any other Circuit Court of Appeals will ever be afforded an opportunity to pass upon the validity of the patents, notwithstanding the doubtful validity thereof.

While there are approximately one hundred elevator manufacturers in the United States and some appear in competition with respondent only intermittently, there are possibly six or seven elevator companies who bid on specifications that are generally descriptive of "collective" automatic push-button elevators. Of these, respondent, as the record shows, has licensed three elevator companies so that petitioner and perhaps two or three others are among the remaining competitors. In view of the elevator business done within the Second Circuit where the Courts are committed on the validity of the patents, respondent can thus achieve its purpose without extending litigation beyond the Second Circuit or against other than small manufacturers who could not reasonably be expected to finance such litigation under existing circumstances.

We have no quarrel with the rule which absolves this Court, in the absence of a conflict of decisions, from granting a writ of certiorari in an ordinary patent case involving ordinary issues of validity and infringement[1]. In the usual course of patent litigation, the opportunity exists and is exercised of having suits brought and determined in several Circuits involving the same or substantially the

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[1]Keller v. Adams-Campbell Co., 264 U. S. 314, 319; Layne & Bowler Corporation v. Western Well Works, Inc., et al., 261 U. S. 387, 392, 393.

same issues of validity and infringement, and in this process it may be reasonably expected that issues of fact will be thoroughly explored; that upon such full investigation by the Courts primarily charged with the duty of determining patent controversies, any reasonable grounds for a difference in view upon questions of law will find abundant opportunity for judicial expression, and that ultimate conflicts of view may be limited to some only of the issues involved. But the instant decision of the Circuit Court of Appeals for the Second Circuit is not the mere beginning of patent litigation which will be extended into the several Circuits.

By reason of peculiar circumstances, the respondent is in a position to confine this litigation to the Second Circuit where the Circuit Court of Appeals is committed to the view that the patents are valid.

As respondent's witness, Mr. Peterson, explained (I, 283)—"There are approximately 100 elevator manufacturers in the United States. Some appear in competition only intermittently." And (I, 274)—"There are possibly six or seven elevator companies who bid on specifications that are generally descriptive of the *collective* control system * * *".

Respondent has issued three licenses (I, 255) under the suit patents—to the Westinghouse Elevator Company (IV, 1807-10), the Atlantic Elevator Company (IV, 1817-23), and to the Houghton Elevator Company (IV, 1811-17). That leaves petitioner, Staley Elevator Company, and either two or three other manufacturers to make up the remaining competitors of the "six or seven".

Numerically, most of respondent's sales of "collective" automatic push-button elevators have been in seven-story (six floors and basement) apartment houses (I, 255). The re-housing building plans, particularly those in the Second Circuit of which the New York City plans are the largest, will in general follow the usages of the seven-story build-

ings now in vogue and undoubtedly the use of "collective" automatic push-button elevators will be specified. Then, too, the building of such seven-story apartment houses by private operators is proceeding apace within the Second Circuit, notably New York City.

Having such complete jurisdiction of the largest field of apartment-house building operations, the decision of the Second Circuit Court of Appeals will be the last word upon the validity of the suit patents unless this Court intervenes. The apartment-house owners buy and use the "collective" automatic push-button elevators and hence are chargeable with infringement, notwithstanding that the elevator control and equipment apparatus may have been fabricated without the Second Circuit.

It is not reasonable to expect that respondent will go outside the Second Circuit to sue elevator manufacturers when it can cut off the most important of the manufacturer's outlets by bringing suit against an apartment-house owner in the Second Circuit, where the patents have been sustained as valid.

Respondent has maneuvered so as to be in such a position that, if it won in the Second Circuit, it would have practically all the relief it needed and could then rely upon this Court's general rule with reference to the necessity of conflict of decisions to avoid a review of the validity of its patents by this Court, but in the event that it lost in the Second Circuit, it could still sue elsewhere. Respondent thus had a multiple legal opportunity, but the apartment-house builder within the Second Circuit and the elevator manufacturers have no such alternative to fall back on.

Under the circumstances shown, we submit the general rule of this Court that a conflict of decisions is prerequisite to a review of patent cases, works a hardship upon the elevator manufacturing industry but offers an advantage to respondent. In the very recent decision of *The Schriber-Schroth Company* v. *The Cleveland Trust Company, Chrys-*

ler Corporation; The Aberdeen Motor Supply Company v. *Same; The F. E. Rowe Sales Company* v. *Same,* 39 U. S. Pat. Q. 242, the Court said (p. 243):

> "We later granted certiorari, U. S. , on a petition for rehearing showing that, notwithstanding the doubtful validity of the patents, litigation elsewhere with a resulting conflict of decision was improbable because of the concentration of the automobile industry in the sixth circuit. Cf. Paramount Publix Corp. v. American Tri-Ergon Corp., 294 U. S. 464 [24 USPQ 303]; Altoona Publix Theatres, Inc. v. American Tri-Ergon Corp., 294 U. S. 477 [24 USPQ 308]."

In the instant case, there would appear to be reasons at least as cogent for relaxing the general rule of this Court as in the *Schriber-Schroth Case* and *Altoona Publix Theatres, Inc.* v. *American Tri-Ergon Corp.,* 294 U. S. 477.

In our petition for a writ of certiorari, we contended, correctly we think, that the decision of the Second Circuit Court of Appeals was in discord with various decisions of this Court. It is deemed unnecessary to repeat them here, except to pray the Court to re-examine the points brought out by the petition and, unless the Court is satisfied of the soundness of the decision below, to grant the writ.

Wherefore, it is prayed that the petition for writ of certiorari in the above-entitled cause be re-examined and reconsidered with the view that, if the Court deems the decision of the Circuit Court of Appeals to be unsound in any respect on the issues of validity of the patents, the writ should be granted.

Respectfully submitted,

WILLIAM H. DAVIS,
WILLIS H. TAYLOR, JR.,
Counsel for Petitioners.

Dated, November 16, 1938.

Certificate

I hereby certify that the foregoing petition for rehearing is presented in good faith and not for delay.

WILLIAM H. DAVIS,
WILLIS H. TAYLOR, JR.,
Counsel for Petitioners.